



EUROPEAN NEWS

Brussels to seek tighter rules on toxic waste

By Tim Dickson in Brussels
THE DEFIANT decision by the authorities at Tilbury Docks, near London, to refuse permission to unload a consignment of Canadian toxic waste...

More than 30 factories hit by protests against new election law More Russians strike in Estonia

By James Blittz in Moscow

THE STRIKE by ethnic Russian workers in the Soviet republic of Estonia entered its second day yesterday, compelling the minority's protest against a law which disenfranchises them from voting in republican elections.



Workers at a Tallinn factory vote to strike in protest at Estonia's new election law

Nevertheless, the effect of the stoppage continues to be mitigated by the determination of thousands of Estonians to man local transport and factories in the capital.

German doubts over 'open-arms' policy

By David Goodhart in Bonn

THE CURRENT tension between the two Germans over controlling the flow of East Germans who are seeking asylum in West Germany has highlighted the ordinary West German's ambivalence towards his fleeing cousins from the East.

will probably involve 100,000 people this year. Bonn is not currently optimistic about political reform in East Berlin partly because, as one editorial writer put it: "Dissatisfied people in the USSR, Poland or Hungary say: 'Things must change'."

The Community already has a specific directive on the offending substance, including the temperatures which should be used in an incinerator, specifying particularly that it should not be turned into the carcinogenic dioxins.

Drive to put brake on autobahn speed kings sparks angry debate

By David Goodhart

THE TERRIFYING speed at which some West Germans drive on their speed-limit-free autobahns looks increasingly likely to become one of the most emotional issues in next year's election campaign, with the main opposition parties committed to imposing a speed limit of 120kph.

annual death toll has fallen from 19,000 in 1970 (when safety belts were not compulsory). The industry admits that international comparison is difficult but none the less says that per one billion kilometre of road-driving, Germany records only 6.3 deaths compared with 10.8 in the US, 10.5 in France and 12.1 in Italy.

Democratic virus begins to infect Poland's politics

By John Lloyd in Warsaw

THE PAST week of political and party manoeuvre in Poland has been the clearest possible sign that democratic practices are taking rapid root. As yet, though, it is a sign, not a certainty.

Having condemned itself to democracy, Poland cannot now step back from the consequences. Yet it, too, is suffering strains. Its parliamentary group met on Tuesday and gave Mr Bronislaw Geremek, its leader, a hard time because the group did not know about the Walesa initiative until they read it in that day's newspapers.

Flight chaos looms after French vote for strike

FRENCH AIRPORT electricians voted yesterday to begin a five-day strike, threatening serious delays to holidaymakers on one of the summer's busiest weekends, Reuters reports.

Split in Soviet reform group

DIFFERENCES within the Soviet Union's emerging group of reformist parliamentarians emerged yesterday with the publication of caustic comments from Mr Roy Medvedev, the historian, on Mr Boris Yeltsin and Dr Andrei Sakharov, a nuclear physicist and human rights campaigner.

Norway jobless total up again

NORWAY'S OFFICIAL unemployment rate reached a fresh post-war high of 4.3 per cent at the beginning of this month, writes Robert Taylor in Stockholm.

The existence of more than 92,000 more than 2,000 of them under 20 is expected to be an important issue in next month's general election. The rise in unemployment has come in a shock to a country which has traditionally had one of the lowest rates in Western Europe.

Islamic team in refugee inquiry

A THREE-MAN team from the Islamic Conference Organisation (ICO) will make a fact-finding tour in the next few days of the Islamic area where more than 250,000 Syrian Turks have crossed from Bulgaria into Turkey this summer, complaining of harsh repression, writes Jim Hodgen.

Belgium plans to expand share of power market

THE BELGIAN Government has drafted a plan to give the state-controlled power supply company a greater share of the country's electricity market amid concern at the threat of foreign control, officials said yesterday, AP reports from Brussels.

Under the plan, the market share of Societe Publique Cooperative D'Electricite, Belgium's state-owned electricity concern, will grow to 15 per cent by the year 2005 from its current 5.3 per cent.

Yugoslav farmers plan rally on price cuts

FARMERS from Yugoslavia's main grain-producing region plan an unprecedented protest rally this month after failing to reach agreement with the Government over food prices, AP reports from Belgrade.

A meeting on Wednesday between Mr Stevo Mirjanic, the agricultural minister, and several hundred farmers from the fertile region of Vojvodina with agricultural minister failed to resolve farmers' complaints about government attempts to reduce runaway inflation by forcing down food prices down, the Belgrade newspaper Politika said.

encouraging market-oriented reforms. Serbian officials say Mr Markovic should instead deal first with the country's 750 per cent inflation rate, which has cut further into living standards and heightened social tension. But Mr Markovic's cabinet has enjoyed wide public support in Slovenia and Croatia, the country's two economically most powerful republics.

Moscow voices worry on Austria's EC bid

By Our Foreign Staff

THE SOVIET UNION, in one of its firmest statements on the subject to date, yesterday warned Austria that its neutrality could be undermined as a result of its recent application to join the European Community.

Belgrade rejects US resolution on human rights

YUGOSLAVIA yesterday described as "monstrous" a US resolution on human rights abuses suffered by one of its Communist countries' best-known dissidents, Reuters reports from Belgrade.

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MANAGEMENT

A rara avis flying round Europe

Truly international managers are few and far between. Mauro Marcucci, chief executive of ComputerLand Europe and a classic example of the breed, tells Michael Skapinker of his jet-setting life



Mauro Marcucci: companies which transfer managers abroad should try to find jobs for their spouses

the business. It might be better to go and work for a small or medium-size company with an international outlook," he says. Marcucci spent 17 years with IBM. By the Saxon Bamfylde measure that is probably too long for a Euro-executive, who needs to retain a flexible and entrepreneurial outlook. "You don't leave a company like IBM without giving it a good deal of thought," he says. "But they don't keep everyone for life. I saw opportunities in ComputerLand that I didn't want to miss."

A recent search for the Euro-executive suggested that these rare beasts were likely to come from the Netherlands, Belgium or Scandinavia. The study, by headhunters Saxon Bamfylde & Co, notes that Italy as a likely source of international managers. Mauro Marcucci, however, would surely satisfy anyone's definition of a Euro-executive. A graduate of the University of Pisa, he lives in Wimbledon, has an English wife, and is chief executive of ComputerLand Europe, a computer franchising company with its headquarters in Luxembourg. Before joining ComputerLand in 1987, he spent 17 years with IBM, working for the company in Genoa, Milan and Paris, as well as in Austin, Texas, and Brentwood, Essex. In the late 1980s he worked for Rank Xerox in Florence.



school. It was the same in Paris. It broadened their minds," he says. Both are now students in the UK. One is at business school. The other is about to start art college. Marcucci says, however, that it was fortunate that most of the family's moves coincided with changes in the daughters' lives. "We made our first move when they had just started school. When we went back to Italy it was just at the time they were starting secondary school. This was not deliberate. It can't say there were no problems. I just think there were many more pluses than

minuses," he says. An executive at Shell UK recently told researchers from Ashridge Management College that the number of managers prepared to subject their families to a life of constant movement was getting smaller. But Marcucci does not think that managers have changed that much over the years. "Moving people around has always been a problem," he says. "Today, however, companies need to move people around much more, so the problem is now bigger. But the nature of the problem is the same." The second change, Marcucci says, is that many more women work today. When managers move to other countries, their spouses' careers are also likely to be disrupted. Companies which transfer managers abroad should try to find jobs for the spouses too, he says. Companies should also try to give managers international experience when their families

are younger. "When your children are young, it's easier to move. It's easier for them to learn languages. As they get older, they are less willing to make changes. Children develop relationships that they become much more reluctant to break. Taking a young kid out of school is easier than taking a teenager out of school." Apart from a readiness to uproot their families, the Saxon Bamfylde study stressed the languages skills that managers would need to operate throughout Europe. Marcucci speaks Italian, English and adequate French. In Spain, he says, he gets by in Italian. He does not speak German, which he regards as a drawback. A young manager who wants to be effective in the single European market should master English, French, German and Spanish, he says. The study said it was a good idea for Euro-executives to spend some time working for a multinational company - provided they didn't stay too long

and become immersed in the corporate bureaucracy. Marcucci thinks, however, that a multinational company is not necessarily the best starting point for a Euro-executive. "I would say that it is more important for them to be working in an international environment than to be working for a large multinational company. You can be in a multinational company and still be working in a national part of

The ups and downs of diversifying away from the core

Kenneth Gooding explains how a French study assessed the success rate of changes of direction among natural resources companies

Companies which have a very clear idea about their own skills and strengths - they know their métier in other words - are much more likely to succeed with diversification moves, according to a study by l'Ecole des Mines de Paris, one of the exclusive group of French Grandes Ecoles. Companies which move into areas totally unrelated to their existing operations are the least likely to succeed with diversification attempts, it says. "That might be a familiar story but one of the significant aspects of this study was the way success or failure was measured. l'Ecole studied the main diversification moves of 13 major metals and minerals companies during the past 20 years - "diversification" meaning developments which led to the marketing of new products, whether they were goods or services, or the opening of new markets. The method used in the five-year study did not rely on accountancy techniques or financial analysis. A diversification move involving an outlay of several million dollars,

for example on a new plant, was counted equally with a move costing only a few thousand - perhaps on the development of a technical process for recovering a by-product. But diversification moves were measured. One of the significant aspects was the way success or failure was measured. The method used did not rely on accountancy techniques or financial analysis. The study also assumed that, if a company retained the new activity within its corporate structure, the

diversification was successful. Divestment was a prime measure of failure. Paolo de Sá, senior economist at l'Ecole's Centre d'Economie des Ressources Naturelles (CERNA) points out that minerals and metals companies were first driven to diversify by the deep recession and then, when prices recovered, by a search for new bases from which to build future growth. They were also driven by the knowledge that changing technology and evolving consumer tastes might make them highly vulnerable. Small mining companies with limited skills on which to build should have no difficulty identifying their métiers. But a key choice among larger companies with several skills is the selection of the one on which to build diversification, says de Sá. During the recession some mining and metals groups successfully diversified into materials such as minor and specialty metals and ceramics. Their cash requirements were small compared with other commodities. Ironically, this means that these

activities are not big enough to absorb the huge cash flows being generated by base metals today. The best opportunities, according to de Sá, seem to be diversifications into metal fabricating and manufacturing. Not only have metals groups successfully moved into these areas in the past but these operations also require considerable cash outlays. The cyclical nature of the metals business leads to the idea that a wide spread of products and activities was a good hedge against the patterns of demand - this became a popular concept in the mining and metals industry in the 1980s. However, l'Ecole's research showed that the holding, or non-specialised, company was just as vulnerable as the specialised one. De Sá quotes the example of Imetal, the French holding company in the non-ferrous metals business, which accelerated diversification in the early 1970s in order to compensate for the weaknesses of its core operations. But the company was unable to develop new skills from these activities and they did not compensate

for the severe losses arising from its base metals operations. He also points out that Amax, the US group, was once considered one of the most diversified minerals and metals companies but it had to renounce most of its operations during the 1980s to concentrate on four core businesses. Amax now seems intent on diversifying again and has bid for Falconbridge, the Canadian nickel producer. And Phelps Dodge, the biggest copper producer in the US, had to sell off its mining-related diversified operations to survive the recession in the early 1980s. Phelps Dodge has now started diversifying again - this time into unrelated areas with different business cycles from copper. Past experience casts doubt on this strategy, according to de Sá, as it does on the recent move by Pechiney, the state-owned French aluminium producer, into copper production via the purchase of American National Can in the US. Although good synergies exist between semi-fabricated products and other upstream activities, the

patterns of competition in this area (can making) are different from those prevailing in commodity markets and growth requires the development of specific skills," he points out. He says that, although demand patterns of competition in this area (can making) are different from those prevailing in commodity markets and growth requires the development of specific skills," he points out. He says that, although demand patterns of competition in this area (can making) are different from those prevailing in commodity markets and growth requires the development of specific skills," he points out. He says that, although demand

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FIDELITY DISCOVERY FUND
Société d'Investissement à Capital Variable
5, boulevard de la Foire - Luxembourg
R.C. Luxembourg 22250
Notice of Annual General Meeting
NOTICE is hereby given that the Annual General Meeting of the Shareholders of FIDELITY DISCOVERY FUND, a société d'investissement à capital variable organized under the laws of the Grand Duchy of Luxembourg (the "Fund"), will be held at the registered office of the Fund, 5, Boulevard de la Foire, Luxembourg, at 11:00 a.m. on August 31, 1989, specifically, but without limitation, for the following purposes:

SEARS OVERSEAS FINANCE N.V.
To the Holders of Sears Overseas Finance N.V.
U.S. \$150,000,000 10 1/8% Guaranteed Notes
Due August 1, 1991 (the "Notes")
Pursuant to the terms of the Notes and the Fiscal Agency Agreement dated February 1, 1988 between Sears Overseas Finance N.V., Seller, Floubach and Co., as Guarantor, and Continental Bank, National Association (formerly Continental Illinois National Bank and Trust Company of Chicago), as Fiscal Agent and Paying Agent, notice is hereby given that Sears Overseas Finance N.V. will redeem all of the outstanding Notes on September 12, 1989 (the "Redemption Date").

PLACER DOME INC.
GOLD PURCHASE WARRANTS
(Issued by Dome Mines Limited, a predecessor of Placer Dome Inc.)
to purchase 0.02 Troy ounces of gold per Warrant at a price of U.S. \$88.50 per Warrant (U.S. \$425 per Troy ounce)
NOTICE OF TIME OF EXPIRY
NOTICE is hereby given that the above mentioned Warrants shall cease to be exercisable at and after 5:00 p.m. (local time at the place of exercise) on October 16, 1989. Warrants not then exercised shall be void and of no value or effect.
Each Warrant entitles the holder thereof to purchase 0.02 Troy ounces of gold at a price of US\$88.50, being equivalent to a purchase price of US\$425 per Troy ounce of gold.

Consolidated Gold Fields PLC ("Gold Fields")
NOTICE
To the holders of the £110,000,000 6 3/4 per cent Convertible Subordinated Bonds Due 2002 of Gold Fields (the "Bonds")
Proposal from Hanson PLC ("Hanson")
August 11, 1989
Hanson stated in its offer document dated July 14, 1989 that, to the extent that the Bonds were not converted prior to the date on which the Increased Offer became or was declared wholly unconditional, an appropriate proposal would be made to the holders of the Bonds ("Bondholders") on terms which would take into account the special interim dividend, but not accrued interest, if any, provided that such proposal was implemented by September 30, 1989. The Increased Offer by Hanson was declared wholly unconditional on August 7, 1989.
The proposal from Hanson is that the Increased Offer from N M Rothschild & Sons Limited on behalf of Hanson extends to Ordinary Shares arising from conversion of Bonds.
The terms of the Increased Offer are £143 in cash and 11 New Hanson Warrants for every 10 Ordinary Shares of Gold Fields. Any holder of Ordinary Shares of Gold Fields arising on conversion of Bonds will be entitled to receive and retain the special interim dividend of 30p net, 40p gross, per Ordinary Share of Gold Fields in respect of the financial year ended June 30, 1989. In addition, any holder of Ordinary Shares of Gold Fields arising on conversion of Bonds may elect, whilst the Increased Offer remains open for acceptance, to receive an equivalent nominal amount (in multiples of £1) of 11% unsecured loan notes 1991/96 of Hanson in respect of all or part of the cash to which they would otherwise become entitled under the Increased Offer. Copies of the offer document and the Form of Acceptance relating to the Increased Offer can be obtained from Lloyds Bank Plc, Registrar's Department, Goring-by-Sea, Worthing, West Sussex BN12 6DA.



FT LAW REPORTS

Commercial Court rules writ issued in England can be served abroad

KLOECKNER & CO AG v. GATOLI OVERSEAS INC. Queen's Bench Division (Commercial Court); Mr Justice Hoffmann; July 31 1989

THE ENGLISH court has jurisdiction to hear proceedings in a matter which is also pending before a foreign court, if it was first served on the proceedings in that state on which they became definitive in the foreign court.

Mr Justice Hoffmann held that the application for a writ of *habeas corpus* should be granted, since the writ was issued in England, and the writ was issued, November 25.

Gatoli asserted that the English court also became seized on service, January 30 1989. Kloeckner said the English court was seized when the writ was issued, November 25.

Under the basic agreement, Kloeckner agreed to "front" Gatoli in contracts for sale and purchase of cargoes of North Sea crude oil on 15-day terms. It established an agency relationship.

A huge number of purchase and sale contracts were booked out. Kloeckner submitted invoices totalling \$200m which remained unpaid and were a subject of the writ.

Mr Justice Hoffmann said that notwithstanding article 17, the English court was obliged by article 21 to stay proceedings pending a decision by the German court on the challenge to its jurisdiction.

The basic agreement contained no exclusive jurisdiction clause. The question was whether the English court was first seized.

Proceedings became "definitively pending" under the appropriate national law when the proceedings had been definitively brought.

In *Selger v. Salnitri (No 2) [1984] 2 All ER 237*, the European Court stated that under article 21 the court "first seized" meant "the one before which the requirements for proceedings to become definitively pending are first fulfilled... in accordance with the national law of each of the courts concerned."

Proceedings were brought, and so became pending, was the moment of issue of the writ.

There was no reason why the writ issued in England should not be served abroad.

With regard to jurisdiction under Order 11, the question was whether, by its terms or implication the basic agreement was governed by English law.

The 15-day North Sea cargoes were invariably traded on terms containing English law as the governing law.

On November 28 1988, Gatoli's German claim was filed with the *Duisburg Landgericht*. On November 28, Kloeckner's English writ was issued. On November 29, Kloeckner was granted leave under RSC Order 11 to serve out of the jurisdiction, and the concurrent writ for service out was issued.

The court then considered whether the writ issued in England could be served abroad.

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Table with 5 columns of serial numbers ranging from 103 to 15000, listing individual bonds to be redeemed.

Table with 2 columns: Item and Amount. Includes Dividends and interests, Deposit interests, Total revenue, Administrative expenses, Revenue before taxation, etc.

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Principal Paying Agent







FT writers examine the lessons of the British Army's 20 years in action in Northern Ireland

# Two decades of soldiers in the streets

HERALDED in the media, awarded with some tribulation by British authorities, next Monday marks two decades since the British Army was specked into Northern Ireland's troubles.

Like the troubles themselves, its impact is uneven. Much of the province carries on as a more or less normal part of the UK. But young men and women who have already finished college

now remember no other normality than one in which soldiers have been a permanent presence, their patrols, check points and searches part of day-to-day civilian life.

A resident garrison of 2,600 had already been reinforced when troops were first called out "in aid of the civil power." Three years later forces hit their peak - more than 30,000 soldiers including the

newly-formed Ulster Defence Regiment. There are now 18,500, including the UDR. With hindsight, officials say it was unavoidable in 1969 that troops should be involved, with the province's police forces unable to cope with mounting disturbances and the Catholic community living in fear of reprisals. "We knew," they say now, "that it would be difficult to disengage."

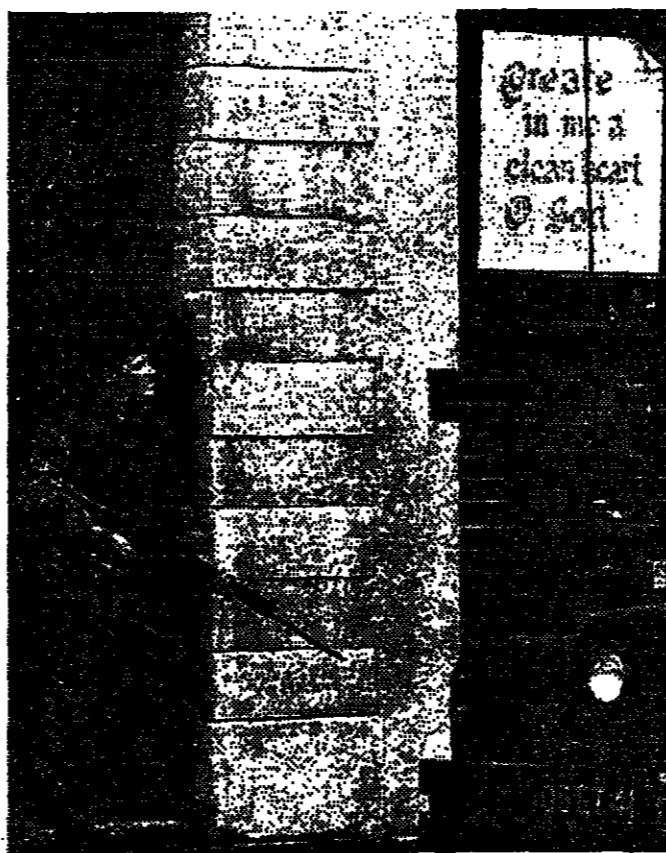
— due to be extended to six months - without families. These are the intensive-duty "roulement" battalions. In addition to the two stationed in the hard nationalist areas of West Belfast and South Armagh, two more were added in 1986 to protect police stations and provide extra patrols. They are now incorporated in border operations, for which another brigade - 3 Infantry Brigade, based in Armagh - was formed last year.

Officials indicate that Army strength will be brought back to the pre-1986 level "when appropriate." This would leave a regular army total of about 5,000, compared with a peak in 1972 of 22,000.

Six "resident" battalions are in Northern Ireland on two-year tours. Soldiers can take wives and families. Life for them, in some cases, is markedly relaxed. There is more contact with ordinary people than the media tends to depict. Soldiers are not confined to barracks, although not all areas are "in-bounds." They are able to meet local girls and sometimes they marry them. It is not unknown for officers to choose to retire to Northern Ireland.

However, most local people usually only come across soldiers in uneasy situations, such as vehicle checkpoints which are seen as having mainly a deterrent value. The checkpoints rarely produce anything and the degree of interference is inevitably greater in Catholic nationalist areas.

The biggest brunt of unpopularity however is taken by the UDR, set up in 1970 after the hated all-Protestant B Specials were disbanded. UDR members live at home and are trained only for their Northern Ireland job. It is the biggest and newest infantry regiment in the British Army and was as much as 18 per cent Roman Catholic in the early



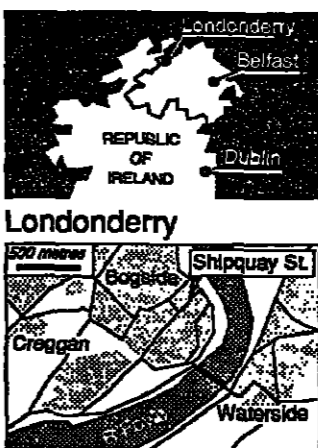
A soldier in the early days of the Army's Ulster presence

days but that proportion is now less than 4 per cent. The UDR's full-time element has built up to 46 per cent, with part-timers filling in on night and weekend duties. Within the Army, the regiment has gained in prestige. It has more than 100 regular officers and NCOs, including the nine battalion commanders, who are carefully selected and regard it as a close second best to having their own regular battalion. For regular soldiers, Northern Ireland is like a foreign posting. They are away from their regimental base and, in roulement battalions, their families. Talk of being "over here" or "nipping back to the UK" is frequently let slip. The Army itself has used these 20 sad years to learn and hone skills. It had counter-insurgency experience in places like Cyprus and Aden but techniques have been greatly refined, notably in gathering intelligence, obtaining forensic evidence and dealing with explosives devices. However, while its sophis-

When, at 5pm on August 14 1969, a company of the Prince of Wales Own Regiment entered Londonderry to assume "peacekeeping duties," the city looked as though it had just been through a raid by the Luftwaffe.

Riots had been going on for days. A cloud of CS gas seemed to be hanging permanently over the city. The shattered glass of a thousand petrol bombs was everywhere. Barbed wire stretched across streets. Buildings were gutted, cars burnt out.

Many things have changed in the city in the last 20 years. Londonderry is now a quiet, almost sedate place; there have been fewer incidents of violence in the last month than in any comparable period in the last 20 years. The politics of Londonderry has been turned on its head. Twenty years ago a minority Unionist population had gerrymandered ward boundaries to maintain council control. Now the nationalists rule. Twenty years ago the Catholic estates of the Bogside and Creggan were grubby representations of the very worst of Victorian deprivation. Heavy public investment has rebuilt and refurbished whole streets and estates. Last week the last of the Rossville Street flats, scene of some of the worst rioting of 20 years ago, were being demolished.



There are fewer than 100,000 people in Londonderry. The city never suffered the bitter sectarianism of Belfast. Yet it is more divided than ever. Over the years increasing numbers of Protestants have left the area around the old walled city and crossed the Foyle to the Waterside district. Numbers of Roman Catholics have moved the other way.

Mr Paddy Doherty was one of those at the forefront of the civil rights marches and riots of 20 years ago and helped organise the famous occupation and refurbishment of the streets of the Bogside and proclamation of "Free Derry". He says now: "The saddest thing of all is that Catholics and Protestants have not rebuilt the city together. They (the Protestants) are now isolated on the other side of the river." Mr Doherty, 63, has been one of the driving forces behind the regeneration of Londonderry's city centre. A former builder, Mr Doherty has managed to involve the Protestant and Catholic bishops of the city, the Government and US fundraising groups in an inner City Trust to rebuild bombed-out and neglected premises within the ancient city walls.

James II, an event still commemorated by Ulster's Protestant community.

"We should not allow history to abuse us. The siege is sacred to the Protestants. But if the truth were told it was all mixed up. I'm sure my ancestors would have been fighting on both sides." Mr Doherty has very definite views about present day events. "The Army has to go. It has no place here. We can't consummate the marriage between our two communities with the third party still in the bridal chamber."

Mr Doherty's rebuilding programme is not supported by everyone. In the old days Catholics would be locked out of the city walls at night. Protestants now say they are frozen out of their own city. Many Roman Catholics are cynical about the numerous community projects that have sprouted in the city. These, it is said, have been used to hide the seriousness of the unemployment problem. Londonderry has always had high unemployment. But 20 years ago the jobless rate was only 12 per cent. It is now officially 24 per cent. In the Bogside, 75 per cent of males over 18 have no jobs. In spite of fair employment reforms and new political alignments, Roman Catholics are still twice as likely to be unemployed as Protestants.

Ms Gorette Horgan, of the EC-funded Derry Unemployment Centre, says there is still very real poverty in the city. "You really notice it going into homes, there is hardly any furniture or there might be no toilet paper or toothpaste. The heating is there but there is no money for fuel." Little new industry is moving to Londonderry. Mr Tom King, the former Northern Ireland Secretary, recently came to the city to announce 300 jobs in the public service. The following week 280 people were made redundant in a reorganisation of public health catering services. "Although it has suffered greatly over the past 20 years the heartbeat of the city and its people remains strong," says the local tourist guide. That is true: Londonderry has withstood a great deal over the last 20 years. But it still has more than its share of problems.

Kieran Cooke

David White

## LETTERS

### 'Priority: dividends'

*From Mr D. O'Shea.*  
Sir, Lex had a lot of sensible things to say (August 7) about BAT and the 54 gap from a market price of £6 to a break-up value of £10, which created the Hoylake opportunity.  
We would like to suggest that the whole situation could have been avoided if BAT had pursued a more generous dividend policy over recent years.  
The point is simple. It starts from the structure of the UK market, which is based on much higher interest rates than the other big centres, therefore higher discount factors on future growth. Current income is more important in valuation.  
Why do so few companies recognise this, in their policy (rather than in words)?  
Take a bond. Nobody queries that the market price of £10 is related to current interest rates. A long-dated bond with an "asset value" (that is, a guaranteed redemption) of £100 and a coupon of 6 per cent will stand at £50 and a yield of, say, 10 per cent. If that is the going rate, the "asset value" is there, but not until it gets very near redemption will it affect the market price. If the bond coupon were 10 per cent, however, the market price would be at "asset value."  
What is different about a share? Well, there is likely to be a "growth factor" in the dividend valuation. But it has to be significant enough - and certain enough - to overcome the naturally high discount characteristics of UK markets. Everyone accepts that an efficiently priced long bond cannot stand at its "asset value" if the coupon is lower than the going rate. Why should we be surprised that a share is below "asset value" if its "coupon" (that is, its dividend, including growth factors) is too low? You would only expect it to rise in price if it either distributed more or promised a break-up.  
What do we mean by "too low"? This can imply several things. It could be that the basic profitability is low, either through external circumstances in, say, a depressed industry; or that management is poor and unable to work the assets properly. This is clearly not the case with BAT.  
It may imply, however, that profits are not being distributed on sufficient of a scale to the shareholders; they may be

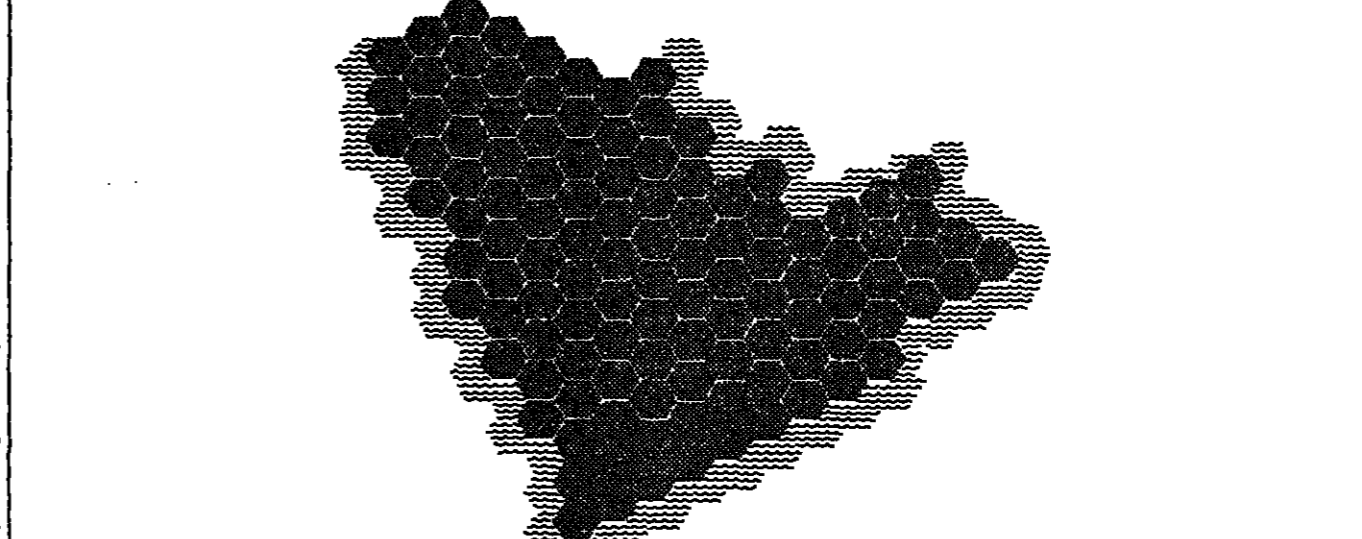
merely piling up in cash or equivalent form, or being ploughed back into acquisitions at prices which absorb much of the cash flow.  
There are grounds for thinking that both these factors apply to BAT. For years, BAT's distribution ratio has clearly been inadequate to close the gap between balance sheet estimates and present value to shareholders (the current 54 to £10 which Lex refers to).  
We are not offering this as criticism, merely as fact. We know BAT has an advance corporation tax (ACT) problem as an overseas corporation, and would find a high distribution expensive. But what would BAT ultimately have lost if its distribution ratio had been 60 per cent of earnings, instead of from 20 per cent to 30 per cent over the last decade?  
"Distributing" more of your profits to shareholders raises your share price. There may be limits of prudence here, but these limits are nowhere near tested by most companies. The standard defence against high distribution is "need for reinvestment for future growth" - also greatly overplayed. If assets are profitable they can be financed by many other means than retentions. Companies fool themselves if they think that retentions are "cheap finance." They are not. They ultimately cost the standard rate, the "cost of capital," which is partly a function of the company's actual share price. High retentions depress share prices.  
BAT may be the most dramatic example of this thesis, but there are many more. In BAT's case, it may be too late for management decisions to alter the structure, but other companies should learn from it. We are not trying to tell companies how to run businesses, simply to remember the principles involved: if your business is up to the standard of profitability and generates surplus cash, make dividends your priority and think about finance for expansion (or for diversification) as a separate issue. Growth will not suffer if the profitability is right. And the chances of all these disruptive and unseemly "raids" on your assets will be greatly lessened. It would be better for all concerned.  
*D. O'Shea, Investment Management, Three Quays, Tower Hill, EC3*

### Safe food requires enforcement

*From Lord Ezra.*  
Sir, I was pleased to read your leading article, "A policy for safer food" (August 2). At the Institute of Trading Standards Administration's annual conference on June 27, as president of the institute, I called for just such an independent organisation as you propose: an Office of Food Standards and Safety, modelled on the successful Office of Fair Trading, to handle all matters of food safety, standards, labelling, within the overall framework of consumer protection.  
The most important ingredients needed in the new Food Bill to improve food standards and enforcement include:  
• A duty to provide safe food, as the Consumer Protection Act 1987 has, for all other consumer goods;  
• Additional powers for trading standards officers and environmental health officers to

carry out their enforcement functions in the factory and throughout the food distribution chain;  
• Removal of the current warranty provisions in compliance with the European Food Control Directive;  
• Introduction of an effective due diligence and reasonable precautions defence;  
• Tighter controls to prevent misleading labels and advertisements;  
• Making it an offence to have in possession for sale food which is not of the quality, substance, nature or composition described.  
The practical test of the UK Government's resolve will be whether it is prepared to make available the necessary increase in enforcement resources.  
*Derek Ezra, House of Lords, Westminster, SW1*

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(Incorporated in the Republic of South Africa) (Registration No 01/01078/06)

INTERIM REPORT

Table with 4 columns: Statement, Six months ended 30 June 1989, Six months ended 30 June 1988, Year ended 31 December 1988. Rows include Turnover, Revenue, Expenses, Profit before tax, Profit after tax, Investments, and Balance Sheet.

NOTES: Dividend The final dividend No 132 of 20 cents per share in respect of the year ended 31 December 1988 absorbing R2,044,970 was declared on 11 January 1989 and paid on 1 March 1989.

DECLARATION OF INTERIM DIVIDEND

Dividend No 133 of 18 cents per share has been declared in South African currency, payable to members registered at the close of business on 25 August 1989.

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INTERNATIONAL COMPANIES AND FINANCE

UAL board prepared to 'explore' bid alternatives

By Anatole Kaletsky in New York

SHARES of UAL, the holding company for United Airlines, shot up again in heavy trading on Wall Street yesterday morning after Wednesday's late-night announcement that the company's board was willing to "explore all possible financial and strategic alternatives" in response to the \$5.4bn takeover bid it had received from Mr Marvin Davis.

trans-Pacific franchise - includes Kohberg Kravis Roberts, the big New York leveraged buy-out group, and Pan American World Airways, the struggling trans-Atlantic airline.

Mr Sanford Sigoloff, the corporate rescue specialist who turned around the Daylin and Wickes retail operations in the US, has been retained by the provisional liquidators of Australia's Hooker Corporation to try to rehabilitate its key US stores interests.

Sigoloff retained by Hooker liquidators

By Chris Sherwell in Sydney

MR SANFORD SIGOLOFF, the corporate rescue specialist who turned around the Daylin and Wickes retail operations in the US, has been retained by the provisional liquidators of Australia's Hooker Corporation to try to rehabilitate its key US stores interests.

LTV interim returns to black despite second-quarter slide

By Our Financial Staff

LTV, one of the big three US steelmakers, emerged in the black in the first half to June but took a dent in the second quarter from what it described as a disappointing loss by its aircraft products division.

operations. In the second quarter alone, earnings were \$30.3m, a quarter of the previous \$123.8m, on revenues of \$1.65bn against \$2.06bn.

Hongkong Hotels disappoints

By Michael Marray in Hong Kong

HONGKONG and Shanghai Hotels, the luxury hotel operator controlled by the Kadoorie family which last year fought off a takeover bid from Mr Lo Yuk Sui's Cathay City group, has turned in a disappointing set of results for the first half of 1989, with net profits falling 4.5 per cent to HK\$136.8m (US\$17.5m).

1988 accounts relating to a local staff retirement scheme. Turnover rose 28.6 per cent to HK\$871.9m. Profits for the Hong Kong hotel operations, where the group owns the prestige Peninsula and the Kowloon Hotel, were up 21.4 per cent to HK\$164.7m.

than expected, adding: "You don't enter one of the toughest markets in the world and expect a bonanza overnight."

Charge pushes Harris into \$52m loss

By Our Financial Staff

HARRIS, a Florida telecommunications and defence equipment supplier, is in talks to sell its data communications and office systems businesses, taking a hefty \$86.2m write-off on the planned disposal which pulled the group into the red in its latest quarter.

Interest expenses force McCaw deeper into red

By Anatole Kaletsky

MCCAW Communications, small Washington state cellular telephone company which is making a \$6m bid for LTV Broadcasting, announced a net-loss of \$87.5m in the second quarter, sharply higher than the \$61.7m it lost a year ago.

quarter. McCaw also blamed slight depreciation and amortisation costs associated with the acquisition and operation of its cellular systems.

The Chapter 11 filing does not include Hooker's Houston-based Sakowitz Department Stores, Merksamer Jewellers of California or the Parisian department store chain of Alabama. Certain development and brokerage companies are also excluded, among them Retail Projects of Cincinnati and Retail Projects of South Carolina.

Showa Shell Sekiyu falls as import costs escalate

By Our Financial Staff

SHOWA SHELL Sekiyu, the Japanese oil refining and distribution affiliate of Royal Dutch/Shell, yesterday reported a 60.4 per cent fall in pre-tax profit to ¥5.81bn (840.3m) in the first half after a significant increase in import costs caused by the yen's depreciation earlier this year.

streamlining of operations and diversification, including interest in property and car rental, the company expects that fluctuations in oil prices and currency values will remain a serious problem.

Yokohama Rubber ahead

By Ian Rodger in Tokyo

PRE-TAX profits of Yokohama Rubber, one of Japan's leading tyre and rubber products groups, rose 13 per cent to ¥6m.945m in the six months to June on sales up 6 per cent to ¥124.9bn.

Sales of other products rose 6.4 per cent to ¥37.2bn. The company said sales of industrial goods advanced 2.5 per cent, with demand for conveyor belts, high-pressure hoses and sealing material satisfactory.

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BLADDEX U.S. \$30,000,000 Banco Latinoamericano de Exportaciones, S.A. Floating Rate Notes due 1994 Citicorp International Ltd. has arranged the placement of these notes July 1989 CITICORP Citicorp International Ltd, a subsidiary of Citicorp Citicorp is a registered trademark

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ALLIANCE LEICESTER Alliance & Leicester Building Society £50,000,000 Subordinated Floating Rate Notes due 2004 For the three months 7th August, 1989 to 7th November, 1989, the Notes will carry an interest rate of 14.23% per annum with an interest amount of £38.67 per £10,000 and £3,586.74 per £100,000 Bond, payable on 7th November, 1989.

YORKSHIRE BUILDING SOCIETY £100,000,000 Floating Rate Notes due 1994 In accordance with the terms and conditions of the Notes, notice is hereby given that for the three months period from (and including) 10th August, 1989 to (but excluding) 10th November, 1989, the Notes will carry a rate of interest of 13.9125 per cent per annum. The relevant interest Payment Date will be 10th November, 1989 and the Coupon Amount per £50,000 Note will be £1,753.26.

OFFSHORE OIL The Financial Times proposes to publish this survey on 5 SEPTEMBER 1989 For a full editorial synopsis and advertisement details, please contact: IAN ELY-CORBETT on 01-473 5389 or write to him at: Number One Southview Bridge London SE1 9EL

INTERNATIONAL COMPANIES AND FINANCE

Volvo Trucks in talks over pact with Enasa and Renault

By Robert Taylor in Stockholm

VOLVO TRUCKS, the world's second biggest global manufacturer of heavy trucks, is holding talks which may lead to co-operation agreements...

Marks and Spencer seeks Spanish link

By John Thornhill in London and Peter Bruce in Madrid

MARKS and Spencer has confirmed it is in talks to expand its operations in Spain by way of a joint venture with Cortefiel, a Spanish department store group...

Interest rates erode profits at WestLB

By Andrew Fisher in Frankfurt

HIGHER short-term interest rates in West Germany further eroded the first-half profits of Westdeutsche Landesbank, the country's fourth biggest bank...

BTR Nylex doubles its earnings

By Chris Sherwell in Sydney

BTR NYLEX, a 62 per cent owned subsidiary of Britain's BTR - and Australia's third largest company - yesterday embellished its impressive growth record by reporting a doubling of interim earnings...

ther progress in the second half based on current levels of order books, and declared an interim dividend of 10 cents a share, which compares with an adjusted 4.3 cents last year.

Equitcorp, the subsequently collapsed investment company. This has brought in a profit before interest and tax of A\$78m, on sales of A\$734m.

improvement, as did building products. Earnings per share of 21.1 cents are almost double the comparable adjusted figure of 11.3 cents last year.

Procter & Gamble posts sharp increase

By James Buchan in New York

PROCTER & GAMBLE, the big US soap and detergent company, yesterday reported a sharp increase in profits for the three months to June as the company continues to reap the benefit of a revitalised array of products.

RWE to increase payout after gain

RHEINISCH-Westfälisches Elektrizitätswerk (RWE), West Germany's largest electricity utility, reports that rising profits in fiscal 1989 will allow it to boost its dividend from DM5 a share, AP-DJ reports from Frankfurt.

dividend it will pay. Excluding the new acquisitions, sales rose 10 per cent from a year earlier.

Newmont Mining to lift Peabody stake

NEWMONT MINING, the leading US gold producer, is to pay \$57.5m for an extra 5 per cent shareholding in Peabody Coal, the biggest US coal group, Kenneth Gooding, Mining Correspondent, writes.

would be used to reduce outstanding debt. The scheme would also result in Peabody incurring additional debt of at least \$800m.

GPA Group surges 51%

By Our Financial Staff

GPA GROUP, the aircraft leasing and financial services group based at Shannon in the Irish Republic, reported a 51 per cent increase from \$264m to \$399m in revenue for the quarter ended June 30 1989.

aviation market-place. Earnings per share for the quarter rose 46 per cent to \$9.52 from \$6.53 and the dividend was increased from \$1.20 to \$1.60.

Privatbanken ahead 20%

By Hilary Barnes in Copenhagen

PRIVATBANKEN, the Danish bank, brushed aside a 14 per cent increase in first-half group costs to report an improvement of 20 per cent in profits to DKr289m (\$99m) from DKr241m after provisions and depreciation.

its to DKr650m from DKr564m. The bank said the return on equity was 9.9 per cent before extraordinary items and 22.4 per cent before tax.

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INTERNATIONAL CAPITAL MARKETS

Strong demand for NZ state telecoms issue

By Andrew Freeman

NEW ISSUE activity and secondary trading on the Eurobond market yesterday followed the pattern set earlier in the week, with very occasional new issues set against a background of thin trading.

The deal was increased to NZ\$75m after surprisingly strong demand. The bonds offered retail investors a fat coupon of 13 1/2 per cent and were priced to yield some 32 basis points at less full fees over the benchmark...

Turkey plans to develop its capital markets

TURKEY PLANS to introduce rating agencies and secondary trading to develop the capital markets, under legislation to be debated by parliament next month.

Mr Sukru Tekbas, the chairman of the Capital Markets Board, said the draft aimed at increasing public awareness of 'Turkey's fledgling capital markets, currently dominated by heavy government borrowing through Treasury bills and bonds.'

NEW INTERNATIONAL BOND ISSUES

Table listing bond issues with columns: Issuer, Amount m., Coupon %, Price, Maturity, Fees, Book runner. Includes New Zealand DOLLARS Telecom Corp. of NZ, YEN CIBC(A), etc.

In addition to the retail demand at which the deal was mainly aimed, there was unexpected interest from UK fund managers. The bonds were trading strongly at less 1.45 bid, well inside full underwriting commissions of 1 1/2 per cent.

Treasuries slide ahead of bond auction

By Janet Bush in New York

US TREASURY bonds continued to slide yesterday morning in advance of the 30-year bond auction and the sale of \$15bn in cash management bills.

At mid-session, the Treasury's benchmark long bond was quoted at a point lower, taking its yield to 8.17 per cent.

GOVERNMENT BONDS

The market went into the long bond auction knowing that demand not only from overseas but domestically was disappointing at both the three-year and 10-year auctions earlier this week.

price erosion this week has not been that significant. Economists at Drexel Burnham Lambert noted in their daily commentary that the market has held up pretty well during the refunding in spite of difficulties associated with a much shorter than usual period of when-issued trading because of the delay in signing the hike in the debt ceiling.

Early weakness in the dollar proved something of a drag on the bond market yesterday morning.

BENCHMARK GOVERNMENT BONDS

Table showing benchmark government bonds for US Gilts, US Treasury, Japan, France, Germany, Canada, Netherlands, Australia, etc. Columns include Coupon, Red Date, Price, Change, Yield, Week ago, Month ago.

traded on the secondary market for the first time, and was quoted by Swiss Bank Corporation, the lead manager, at 99 1/4 bid, against a 101 issue price.

At that level, the notes offered a yield of 5.53 per cent. Private investors were reported to be unlikely to sell their holdings at this level.

The deal has a novel structure whereby credit enhancement is provided by a private placement tranche which will bear any first losses. Previous deals have used third-party banks to provide the enhancement needed for a triple-A credit rating.

prices at the long end finishing unchanged, or 15 pennings weaker in places. In the futures market, where there was modest turnover of 15,800 lots, prices drifted out to close at 95.50 compared with 95.57 on Wednesday.

THE UK gilt-edged securities market continued to hold up well, supported by sterling's strength, and by some overseas buying. Dealers observed foreign investors switching out of US Treasuries and into gilts, and noted that all high-yielding currencies had benefited from the dollar's recent setback.

AFBD lobbies US futures regulators on segregation

By Katharine Campbell

THE ASSOCIATION OF Futures Brokers & Dealers has made a formal submission to US futures regulators requesting a relaxation of rules concerning the segregation of funds where US customers are dealing on a London exchange.

But the mood at the Commodity Futures Trading Commission in Washington suggests the request may fall on deaf ears. As the indictments of Chicago futures traders gather pace, the entire US futures regulatory framework is undergoing what one official called 'the most intense scrutiny since the commission was formed 15 years ago.'

However, Mr Phillip Thorpe, chief executive of the AFBD, says: 'We believe there is reason to continue talking with the CFTC and we think we have been able to identify a way forward that has not been proposed before.'

From September, UK firms dealing for US customers in London only escape the full force of US regulation if they comply with the terms of an exemption, hammered out in months of acrimonious negotiations between the CFTC and the Securities & Investment Board, the UK lead regulator.

allowed to offer US customers the option of non-segregation provided that: US customers' trading is 'exclusively connected with and integral to business activity which involves... non-ferrous metals.'

Mr Michael Brown, chief executive of the LME, said that his members were awaiting the outcome of this submission before applying for exemption, which must be done on an individual firm basis.

Ms Andrea Corcoran, director of the trading and markets division of the CFTC, said the agency 'is trying to give reasoned consideration to this new submission.'

Cophorne seeks a £60m 10-year loan facility

By Norma Cohen

COPHORNE HOTEL Holdings, a subsidiary of the Irish airline Aer Lingus, is seeking a £60m 10-year loan facility with a Euro French frame option up to the equivalent of £11m.

The loan, which is non-recourse, will be used to acquire and construct new hotels. The loan carries a margin over the London interbank offered rates, rising to 7/4 in years four to seven and 9/4 in years eight to ten.

There is a participation fee of 1/4 per cent and a commitment fee of 1/4 per cent on undrawn balances. Baltic, a holding company for businesses engaged in providing medium and long-term asset finance and property development, has arranged a £50m commercial paper programme through Barclays de Zoete Wedd.

Toronto Dominion Bank has completed a \$150m term loan for Mirror Group intended to refinance existing debt and to fund the purchase of British Newspaper Printing Corporation from Maxwell Communications.

Tokio Services boosts capital

TOKIO SERVICES Financiers, a Spanish affiliate of Bank of Tokyo, has increased its capital so it can qualify as a securities firm under Spain's new securities market law.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

Table with columns: Index No., Day's Change, Est. Earnings Yield, Gross Yield, Dividend Yield, Index No., Index No., Index No. Includes sections for EQUITY GROUPS, FIXED INTEREST, and FT-SEE 100 SHARE INDEX.

RISES AND FALLS YESTERDAY

Table showing rises and falls for various market segments: British Funds, Financial and Foreign Bonds, Financial and Properties, etc.

LONDON RECENT ISSUES

Table listing recent issues with columns: Issue, Amount, Maturity, Price, Yield, etc.

FIXED INTEREST STOCKS

Table listing fixed interest stocks with columns: Issue, Amount, Maturity, Price, Yield, etc.

LONDON TRADED OPTIONS

Large table listing London traded options with columns: Option, Calls, Puts, etc. Includes sections for OVERALL VOLUMES, EQUITIES, and RIGHTS OFFERS.

FIXED INTEREST

Table showing average gross redemption yields for various terms and currencies. Includes sections for PRICE INDICES and AVERAGE GROSS REDEMPTION YIELDS.

TRADITIONAL OPTIONS

Table listing traditional options with columns: Issue, Amount, Maturity, Price, Yield, etc.



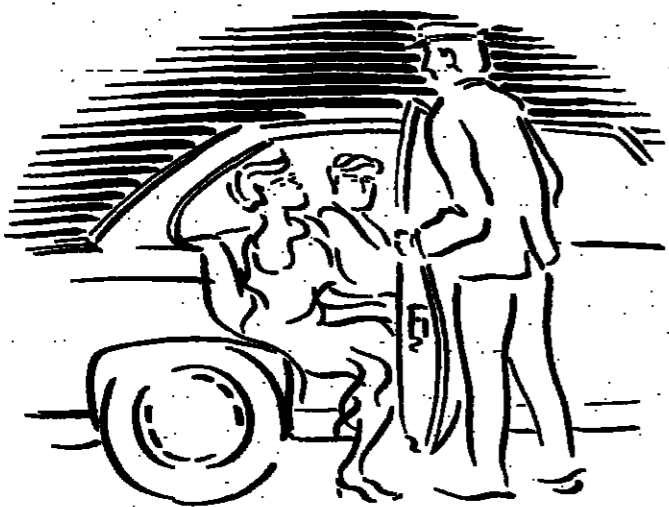


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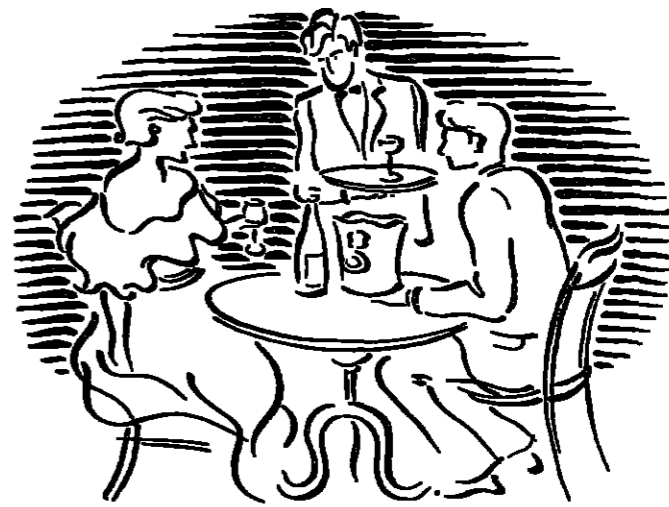
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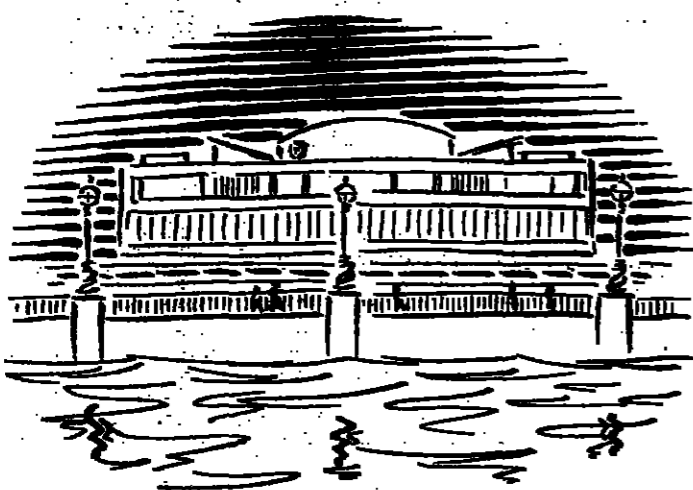
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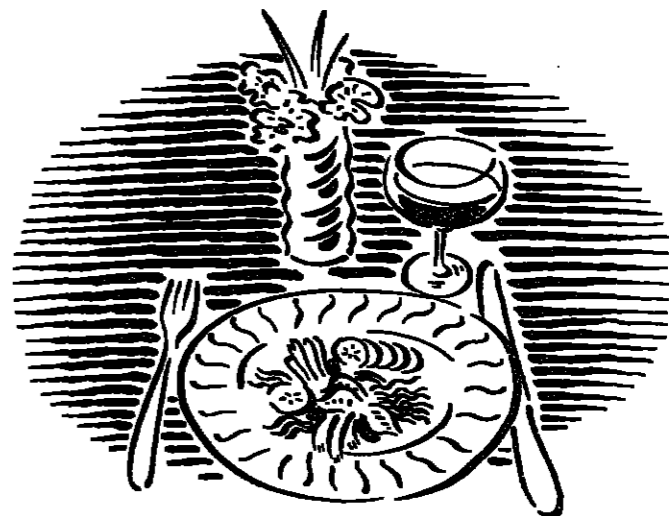
in every sense, equally finely

entertainment are all about?



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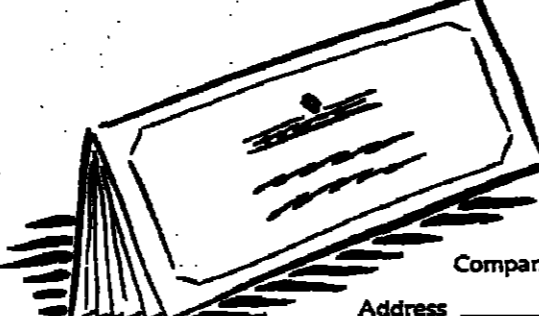
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UK COMPANY NEWS

Queueing for a share of cold comfort

Andrew Taylor on the failure of Kentish Properties and the prospects for its creditors

WHEN IT comes to dividing what is left from the remains of a failed public company, shareholders are the last in the queue...

The Isle of Dogs, where Kentish was offered to build 348 flats, Bow Quarter, a development of 638 flats in east London...

debts of \$86m owed by Kentish, which in its last balance sheet showed shareholders funds of just \$12m...

ments must now decide whether to complete the projects themselves; most seem likely to sell the sites on to other developers...

Smith & Nephew in good health with £64.4m

By John Ridding

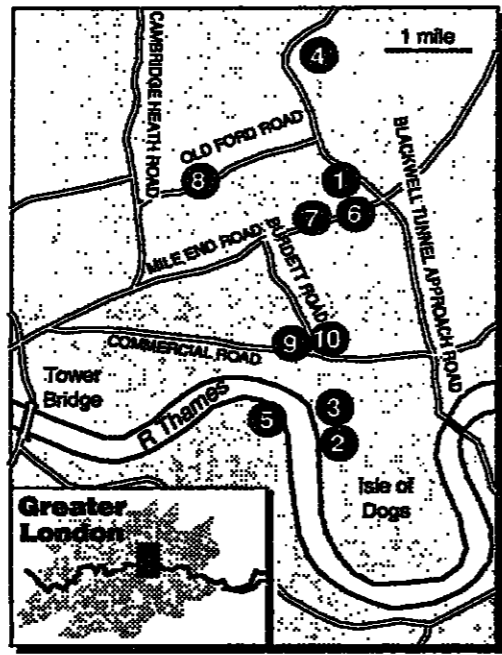
SMITH & NEPHEW, the healthcare and consumer products group, overcame difficult trading conditions in the UK to report pre-tax profits of \$64.4m...

The group has suffered from spending cuts in the UK national health service. However, Mr Kemp said that "sales to UK hospitals had improved...

group are expected to fall in the second half. Smith & Nephew's European operations were described as "satisfactory" with a strong performance coming from Richards's German business...

Some buyers lack confidence about the future of their new homes

MISS FREDALINDA TELFER, a 29-year-old software specialist, paid deposits totalling almost £10,000 for two flats at Kentish Property's Bow Quarter development...



Kentish Property's major developments

THESE ARE THE major developments in east and south London built or proposed by Kentish Property, as well as the main lenders to each...

Fergabrook into profit

By Phillip Coggan

FERGABROOK, the footballs, toys and plastics group, yesterday revealed its first interim profit since 1985 and a planned change of name to Clearmark...

Footballs, reversed into Fergabrook, a toy company which had been heavily dependent on the sales of TV-related toys...

Ridley action on Gold Fields

By Kenneth Gooding, Mining Correspondent

MR NICHOLAS Ridley, the Trade and Industry Secretary, yesterday placed severe restrictions on several blocks of shares in Consolidated Gold Fields...

This is the second time the inspectors have asked the Trade and Industry Secretary to take action.

The reorganisation was accompanied by a £2.6m rights issue and the company has since made a further rights to raise £3.3m...

the new chief executive, Mr Philip Harrison, said that Rainbow Toys, the group's toy subsidiary, had now pulled out of TV-related merchandise...

Last year, Harlestone, the manufacturer of Wembley plastic footballs, reversed into Fergabrook...

Exceptional gain helps Jarvis advance to £2.4m

TAKING in an exceptional gain, pre-tax profits from J Jarvis Holdings were trebled in the year to March 31 1989...

growth in turnover, but the incidence of contract completions and various reorganisations costs led to a reduced profit contribution.

Emess acquires Dutch company

By Clay Harris

Emess, the lighting and electrical accessories group, is continuing its continental expansion with the acquisition of Proflight, a Dutch company which already distributes products manufactured by Emess's Marlin subsidiary...

Nash chairman in acquisition deal

By John Thornhill

Mr Andrew Holland, who in May became chairman of Nash Industries, the packaging, engineering, and property group, is to increase his holding in the company from 9.3 per cent to 24.9 per cent by means of an acquisition deal...

Leisure Investments disposal nets £14.6m

By Edward Sussman

LEISURE Investments, the casino, racecourse, pubs and restaurant owner, yesterday continued a series of disposals stemming from its £170m acquisition last year of Leisure Investments, by selling the Hotel Barstian in Folkestone for £14.6m...

Analysts expect the group to realise property-related profits of about £30m, with interest charges around £2m.

Rotork expands 19% to £2.7m

By John Thornhill

ROTORK, the Bath-based valve control manufacturer, raised pre-tax profits by 19 per cent from £2.8m to £3.7m in the six months to June 30...

and increasing success in winning business in international oil and power generation markets.

Group turnover was ahead 7 per cent at £18.4m (£17.16m). The interim dividend is raised to 3.5p (3.25p) payable from earnings per share of 5.5p (5p).

Shrewd financier retains faith in the trader's credo

William Simon has been touted as a buyer for Farmers. Anatole Kaletsky expresses scepticism

WE ARE way overdue for a recession. And what's going to happen to all the leveraged buy-out companies that are betting their lives on lower interest rates and continued prosperity?

1974-76 Ford Administration. "I was the guy who caused the lines at gas stations," he recalls merrily.

financiers on Wall Street, although some of his detractors cavilled that it was Mr Chambers, rather than Mr Simon, who had come up with most of their successful ideas and deals.

single acquisition in this buying spree required an investment of only \$25m.

TARGET TRUST MANAGERS LIMITED hereby announce that: Following the adoption of the scheme of amalgamation of Target Pacific Fund with Target Japan Fund...

Mr Simon, who was travelling yesterday and unavailable for comment, is not the kind of man who pays top dollars for a business whose price has already been bid up above all previous expectations...

William Simon: close enough to the top of the market

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FT UNIT TRUST INFORMATION SERVICE

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Main table containing unit trust information with columns for Name, Price, Yield, and other financial metrics. Includes sub-sections like 'OTHER UK UNIT TRUSTS' and 'INSURANCES'.

OTHER UK UNIT TRUSTS

Table listing various UK unit trusts such as 'The Yorkshire Unit Trust', 'The Yorkshire Unit Trust', and 'The Yorkshire Unit Trust'.

INSURANCES

Table listing insurance-related unit trusts and their details.

Continued on next page

FT UNIT TRUST INFORMATION SERVICE

Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 01-825-2128

Main table containing unit trust information with columns for Name, Price, Yield, and other financial metrics. Includes sub-sections for 'OFFSHORE AND OVERSEAS' and 'GUERNSEY (SD RECOGNISED)'.

OFFSHORE AND OVERSEAS

GUERNSEY (SD RECOGNISED)

MANAGEMENT SERVICES

LUXEMBOURG (SD RECOGNISED)

JERSEY (SD RECOGNISED)

SWITZERLAND (SD RECOGNISED)

GUERNSEY (SD RECOGNISED)

Handwritten signature: J. J. J. J.

FT UNIT TRUST INFORMATION SERVICE

Table of FT Unit Trust Information Service listing various unit trusts, their managers, and performance metrics.

LONDON SHARE SERVICE

Table of London Share Service listing various share funds, their managers, and performance metrics.

Money Market Trust Funds

Money Market Bank Accounts

UNIT TRUST NOTES: Press any price unless otherwise indicated and these are subject to change without notice.

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LONDON SHARE SERVICE

AMERICANS - Contd

Table listing American stocks with columns for Stock, Price, Div, and Yld. Includes companies like Gen. Elect. 65, IBM Corp, and Intel Corp.

CANADIANS

Table listing Canadian stocks with columns for Stock, Price, Div, and Yld. Includes companies like Alcan, Inco, and Northern Telecom.

BANKS, HP & LEASING

Table listing financial institutions and leasing companies with columns for Stock, Price, Div, and Yld. Includes companies like Citicorp, Citicorp Bank, and Finance Trust.

BUILDING, TIMBER, ROADS - Contd

Table listing building, timber, and road construction stocks with columns for Stock, Price, Div, and Yld. Includes companies like Bechtel, Fluor, and Parsons.

CANADIANS

Table listing Canadian building, timber, and road construction stocks with columns for Stock, Price, Div, and Yld. Includes companies like Alcan, Inco, and Northern Telecom.

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CHEMICALS, PLASTICS

Table listing chemical and plastic industry stocks with columns for Stock, Price, Div, and Yld. Includes companies like Dow Chemical, DuPont, and Eastman Chemical.

DRAPERY AND STORES - Contd

Table listing drapery and store stocks with columns for Stock, Price, Div, and Yld. Includes companies like J. J. Child, J. J. Child, and J. J. Child.

CANADIANS

Table listing Canadian drapery and store stocks with columns for Stock, Price, Div, and Yld. Includes companies like J. J. Child, J. J. Child, and J. J. Child.

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CHEMICALS, PLASTICS

Table listing chemical and plastic industry stocks with columns for Stock, Price, Div, and Yld. Includes companies like Dow Chemical, DuPont, and Eastman Chemical.

ENGINEERING

Table listing engineering stocks with columns for Stock, Price, Div, and Yld. Includes companies like Bechtel, Fluor, and Parsons.

CANADIANS

Table listing Canadian engineering stocks with columns for Stock, Price, Div, and Yld. Includes companies like Bechtel, Fluor, and Parsons.

BANKS, HP & LEASING

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CHEMICALS, PLASTICS

Table listing chemical and plastic industry stocks with columns for Stock, Price, Div, and Yld. Includes companies like Dow Chemical, DuPont, and Eastman Chemical.

INDUSTRIALS (Miscel.) - Contd

Table listing miscellaneous industrial stocks with columns for Stock, Price, Div, and Yld. Includes companies like Boeing, General Motors, and Ford.

CANADIANS

Table listing Canadian miscellaneous industrial stocks with columns for Stock, Price, Div, and Yld. Includes companies like Alcan, Inco, and Northern Telecom.

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CANADIANS

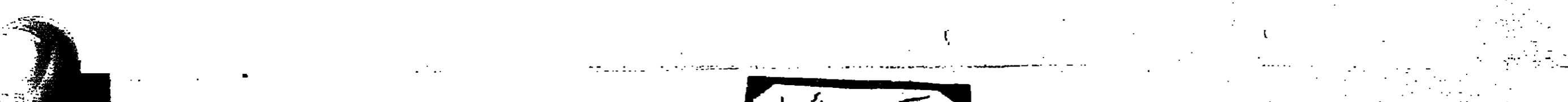
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LONDON SHARE SERVICE

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LEISURE

Table of Leisure stocks including Leisure Group, Leisure World, and Leisure Leisure.

PAPER, PRINTING, ADVERTISING - Contd

Table of Paper, Printing, Advertising stocks including Newsprint, Printing, and Advertising.

TEXTILES - Contd

Table of Textiles stocks including Textiles, Tissues, and Tapes.

TRUSTS, FINANCE, LAND - Contd

Table of Trusts, Finance, Land stocks including Trusts, Finance, and Land.

OIL AND GAS - Contd

Table of Oil and Gas stocks including Oil, Gas, and Energy.

MINES - Contd

Table of Mines stocks including Mines, Metals, and Minerals.

MOTORS, AIRCRAFT TRADES

Table of Motors, Aircraft Trades stocks including Motors, Aircraft, and Transport.

PROPERTY

Table of Property stocks including Real Estate, Property, and Development.

TOBACCO

Table of Tobacco stocks including Tobacco, Cigarettes, and Snuff.

TRANSPORT

Table of Transport stocks including Airlines, Shipping, and Logistics.

TRUSTS, FINANCE, LAND

Table of Trusts, Finance, Land stocks including Trusts, Finance, and Land.

OVERSEAS TRADERS

Table of Overseas Traders stocks including International, Global, and Foreign.

PLANTATIONS

Table of Plantations stocks including Rubber, Palm Oil, and Sugar.

THIRD MARKET

Table of Third Market stocks including Exchange, Market, and Trading.

COMMERCIAL VEHICLES

Table of Commercial Vehicles stocks including Trucks, Buses, and Fleets.

COMPONENTS

Table of Components stocks including Parts, Accessories, and Supplies.

GARAGES AND DISTRIBUTORS

Table of Garages and Distributors stocks including Retail, Service, and Sales.

FINANCE, LAND, ETC

Table of Finance, Land, Etc stocks including Finance, Land, and Services.

FINANCE, LAND, ETC

Table of Finance, Land, Etc stocks including Finance, Land, and Services.

FAR WEST RANG

Table of Far West Range stocks including Regional, Western, and Frontier.

CENTRAL AFRICAN

Table of Central African stocks including Africa, Development, and Resources.

DIAMOND AND PLATINUM

Table of Diamond and Platinum stocks including Precious Metals, Gems, and Jewelry.

PAPER, PRINTING, ADVERTISING

Table of Paper, Printing, Advertising stocks including Newsprint, Printing, and Advertising.

SHOES AND LEATHER

Table of Shoes and Leather stocks including Footwear, Leather, and Textiles.

SOUTH AFRICANS

Table of South African stocks including Africa, Development, and Resources.

TEXTILES

Table of Textiles stocks including Textiles, Tissues, and Tapes.

OIL AND GAS

Table of Oil and Gas stocks including Oil, Gas, and Energy.

FINANCE

Table of Finance stocks including Finance, Land, and Services.

AUSTRALIANS

Table of Australian stocks including Australia, Development, and Resources.

REGIONAL & IRISH STOCKS

Table of Regional & Irish Stocks including Regional, Irish, and International.

This service is available to every company listed in a Stock Exchange throughout the United Kingdom for a fee of £295 per annum for each security.

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Nervous dollar aids pound

THE DOLLAR lost ground on the foreign exchanges, but managed to finish above DM1.80 and Y138.00 in London after a nervous day. Sentiment was dominated by disappointing results to the first two legs of the US Treasury's quarterly refunding programme...

Another factor tending to push the dollar lower was the view that the Federal Reserve's "Tan Book", published on Wednesday, underlined the fact that the central bank is more concerned about a recession than inflation...

After falling a similar amount in June, while July retail sales are forecast to rise 0.5 per cent, compared with a fall of 0.4 per cent in June.

FINANCIAL FUTURES

Sterling contracts below best

LONG-TERM gilt futures were slightly firmer on the Liffe market. In active trading of over 20,000 lots yesterday, the Bank of England's Quarterly Bulletin was published after the market closed...

Although the long-gilt contract was firmer, it finished at the day's low of 97.03 compared with 96.31 on Wednesday. September gilts opened at 97.08 and touched a high of 97.18.

Trading volume in the December month was over double the level for September, at nearly 11,000 lots. December short sterling finished near the day's low at 87.13, but was above the previous day's settlement of 87.10.

Table: POUND SPOT-FORWARD AGAINST THE POUND. Columns: Date, Spot, Forward, etc.

Table: LITFE GILT FUTURES OPTIONS. Columns: Price, Call, Put, etc.

Table: LITFE US TREASURY BOND FUTURES OPTIONS. Columns: Price, Call, Put, etc.

Table: LITFE EURO DOLLAR OPTIONS. Columns: Price, Call, Put, etc.

£ IN NEW YORK

Table: £ in New York. Columns: Date, Rate, etc.

STERLING INDEX

Table: Sterling Index. Columns: Date, Index, etc.

CURRENCY RATES

Table: Currency Rates. Columns: Currency, Rate, etc.

EMS EUROPEAN CURRENCY UNIT RATES

Table: EMS European Currency Unit Rates. Columns: Country, Rate, etc.

DOLLAR SPOT-FORWARD AGAINST THE DOLLAR

Table: Dollar Spot-Forward Against the Dollar. Columns: Date, Spot, Forward, etc.

EURO-CURRENCY INTEREST RATES

Table: Euro-Currency Interest Rates. Columns: Term, Rate, etc.

EXCHANGE CROSS RATES

Table: Exchange Cross Rates. Columns: Currency, Rate, etc.

LONDON (LITFE)

Table: London (LITFE) Market Data. Columns: Instrument, Price, etc.

CHICAGO

Table: Chicago Market Data. Columns: Instrument, Price, etc.

THREE MONTH STERLING

Table: Three Month Sterling Market Data. Columns: Instrument, Price, etc.

THREE MONTH EURO DOLLAR

Table: Three Month Euro Dollar Market Data. Columns: Instrument, Price, etc.

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THREE MONTH STERLING

Table: Three Month Sterling Market Data. Columns: Instrument, Price, etc.

THREE MONTH EURO DOLLAR

Table: Three Month Euro Dollar Market Data. Columns: Instrument, Price, etc.

PHILADELPHIA SIX MONTHS

Table: Philadelphia Six Months Market Data. Columns: Instrument, Price, etc.

THREE MONTH STERLING

Table: Three Month Sterling Market Data. Columns: Instrument, Price, etc.

THREE MONTH EURO DOLLAR

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THREE MONTH STERLING

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MONEY MARKETS

London rates ease

A FIRMER pound encouraged a slight easing of interest rates on the London money market yesterday. Three-month sterling interbank fell to 13 1/2-13 3/4 per cent from 13 3/4-13 1/2...

In Frankfurt call money eased to 6.80 per cent from 6.55 as credit conditions tended to ease. There were two main factors: the West German Bundesbank fully replaced an expiring DM56.4bn on Monday...

UK clearing bank base lending rates

Table: UK clearing bank base lending rates. Columns: Rate, etc.

FT LONDON INTERBANK FIXING

Table: FT London Interbank Fixing. Columns: Instrument, Rate, etc.

MONEY RATES

Table: Money Rates. Columns: Instrument, Rate, etc.

LONDON MONEY RATES

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THREE MONTH STERLING

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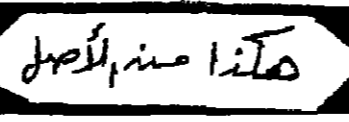
Table: Three Month Euro Dollar Market Data. Columns: Instrument, Price, etc.

ELDER'S (U.K.) PLC £85,000,000 7 1/2% subordinated Convertible Bonds Due 1997. Unconditionally guaranteed by non-detachable subordinated conversion bonds issued by and with conversion rights into Ordinary Shares of ELDER'S IXL LIMITED.

GRANVILLE SECURITIES. High Low Company Price Change Div Yield % P/E. Includes list of companies like 340 295 Ast. Brit. Int. Dr. 340 0 10.3 30.9 2.

CROSSWORD. No. 7,009 Set by HIGHLANDER. Across: 1. Fitting propeller needs almost four feet cut (6). 6. Leave people little time in specialised division (10).

Johnnie Lito



WORLD STOCK MARKETS

AUSTRIA table with columns for date, stock name, and price.

FRANCE (continued) table with columns for date, stock name, and price.

GERMANY (continued) table with columns for date, stock name, and price.

ITALY (continued) table with columns for date, stock name, and price.

SWEDEN table with columns for date, stock name, and price.

NET COUNTRY INDEXES table with columns for index name and value.

NET COUNTRY INDEXES (continued) table with columns for index name and value.

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CANADA

CANADA table with columns for date, stock name, and price.

INDICES

INDICES table with columns for index name, date, and value.

NEW YORK DOW JONES

NEW YORK DOW JONES table with columns for date, index name, and value.

TOKYO - Most Active Stocks

TOKYO - Most Active Stocks table with columns for stock name and price.

HONG KONG

HONG KONG table with columns for stock name and price.

SINGAPORE

SINGAPORE table with columns for stock name and price.

NETS - Print on this page

NETS - Print on this page are in accordance with the individual companies and are not intended to be used as a guide to investment.

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Wall Street

NYSE COMPOSITE PRICES

Table of NYSE Composite Prices listing various stocks with columns for High, Low, Stock, Div. Yld., % Chg., and Close. Includes a section for 'Splits' and 'Dividends'.

OVER-THE-COUNTER

Table of Over-the-Counter prices listing various stocks with columns for High, Low, Stock, Div. Yld., % Chg., and Close. Includes a section for 'Splits' and 'Dividends'.

AMEX COMPOSITE PRICES

Table of AMEX Composite Prices listing various stocks with columns for High, Low, Stock, Div. Yld., % Chg., and Close.

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It's attention to detail... that makes a great hotel. Complimentary copies of the FT are available on most days at the American Marriott Hotel.

AMERICA

Lively speculation helps to offset nervous selling

Wall Street

FURTHER bursts of takeover speculation offset nervous profit-taking yesterday...

At 2 pm, the Dow was quoted 10.24 points higher at 2,696.32 on heavy volume of 121m shares...

Other major indices, including the Standard & Poor's 500, the American Stock Exchange index and the Nasdaq Composite...

The Dow Jones Transportation Average continued to rally strongly as UAL piled on more gains...

EUROPE

Takeover activity keeps Paris alive despite strike

SOME bourses crept to new highs in spite of widespread profit-taking...

PARIS was disrupted by industrial action taken by supervisory workers at the bourse...

In spite of the problems, activity continued apace in the takeover arena...

Suez, which had dropped FR13.80 in the lead, clawed back FR11.50 yesterday...

One analyst said investors were realising that if Suez aimed to buy parts of itself...

There was a feeling that Mr Jean-Marc Vernes, chairman of Industrielle, might even launch a reverse takeover...

One of the biggest moves yesterday was in Alpi, a holding company with a large stake in Centenaire Blanc...

But other insurance stocks which had jumped sharply on Wednesday came off in busy profit-taking...

The CME 50 index shed 1.38 to 508.3.

Marvin Davis and all other possible financial and strategic alternatives.

This statement by UAL effectively opens the door for other potential bidders.

The equity market is struggling if the airline sector and other areas profiting from takeover speculation...

Its failure this week to hold above 2,700 and advance to its all-time high of 2,732.43 set in August, 1987...

A declining bond market, which has come under pressure because of poor demand...

Rorer Group was another company benefiting from takeover speculation...

amount of the three-year and 10-year paper sold earlier this week.

The market was also turning a little more cautious yesterday as traders positioned themselves for today's producer prices and retail sales figures...

Hotels and casinos, a sector which has attracted a lot of takeover rumours...

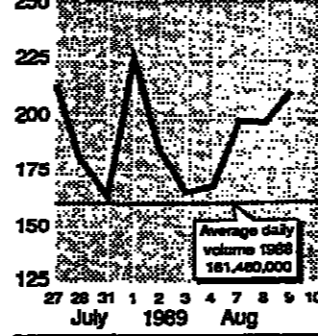
Among featured individual stocks was Tarnbrands, which surged \$4 to \$72.40 on a press report...

The CBS tendency index lost 1.5 to 196.4 in active turnover worth \$1.910m.

Publisher Elsevier gained 90 cents to \$181.70 amid rumours that it would make a statement soon on extending its co-operation with the UK's Pearson.

NYSE volume

Daily (million)



Rochester Telephone surged \$8 to \$89.94 after a report in the US business press about the positive prospects of independent telephone company stocks.

National Semiconductor jumped \$4 to \$74 in active trading on vague rumours that the company may receive a bid.

Canada

RETREATING stocks were just outnumbered advancing ones in Toronto at midsession, while the leading index stayed above the 4,000 mark.

South Africa

THE FIRM tone continued in a quiet Johannesburg stock market as renewed speculative interest in selective issues helped fortify prices.

ASIA PACIFIC

Tokyo

DISAPPOINTMENT that domestic interest rates were likely to move upwards induced a round of selling which, combined with profit-taking by index funds...

Prices were mixed throughout the day, with a number of specific issues rising to historical highs while wide-ranging selling led many interest rate-sensitive issues lower.

KEPCO, the state-owned South Korean utility, began trading at ₩222,000 in Seoul yesterday after a long period of no trading.

MILAN trimmed its losses to close only slightly lower. The main influence on investors was the need to square positions before the end of the account next week.

MADRID closed marginally weaker, with the general index off 0.03 at 311.78. There was caution about the July inflation figures due next Monday...

OSLO rose on higher oil prices and the all-share index added 4.61 to 498.42. Norsk Data retreated after Mr Rolf Skaar, founder and president, resigned...

BRUSSELS finished mixed to firmer. Groupe AG, the leading insurer, was the best performer on speculation that it would benefit if Suez, the French group with which it has close links, succeeds in its bid for control of Victoire.

Index funds remould Tokyo market Michiyo Nakamoto examines the surge in computerised investment

UNTIL recently the Tokyo stock market was, in at least one respect, fairly transparent. At any given time, it was easy to see whether the active players were institutions, individuals or foreigners.

In recent weeks, however, while most of these investors have been sidelined, worrying about the political turmoil and currency instability swirling around Tokyo...

High-technology investment in general, and index funds in particular, have come to the fore in the past few months although interest has been growing steadily over the years.

Investors are under increasing pressure to improve their performance. As far as the Japanese market is concerned, institutions tend to invest more actively as the end of their business year approaches in order to meet certain profit goals.

The number of funds using computerised investment strategies, such as index funds, has increased significantly since they were introduced several years ago.

Osaka, posted a strong ¥490 gain to ¥4,120. Roundup MOST Asia Pacific markets weakened, with Singapore the only leading exchange to buck the trend.

SINGAPORE came back from Wednesday's national holiday in bullish mood, climbing on foreign and local buying, which was boosted by better-than-expected economic growth in the second quarter.

The Straits Times industrial index gained 18.10 to a post-crash high of 1,379.86. Turnover was a heavy 113m shares.

Recent strong interim results helped banking and shipping stocks, with OOZ Knight up 35 cents at \$86.50.

AUSTRALIA had a second session of profit-taking, with the All Ordinaries index closing 14.0 lower at 1,611.3.

Trust banks and life insurers have been quick to pick up on the new trend. Sumitomo Trust and Banking became the first in the industry this May to introduce a fund that tracks the Nikkei 225.

Several of the large life insurance companies are said to have shifted a substantial amount of their tokken (specified money trusts) money into index funds.

Index funds have already spread in the Japanese market, says Mr Norio Watanabe, director of Credit Suisse Investment Advisory Co.

An index fund consists of a portfolio of stocks that make up a particular index and it attempts to track the index in performance.

The growing interest in index funds, and other investment tools using computer technology, is closely linked to the liberalisation of Japan's financial markets.

As the competition grows, fund managers are under increasing pressure to improve their performance.

Until recently, says Mr Takayoshi Suzuki, manager of the Investment Technology & Research Division at Nikko Securities, fund managers did not need to account for their performance and were content to beat the interest rate on call money.

Greater competition next year promises to change all that. The growth of the pension fund market and the planned opening of the management of corporate pension funds...

Mr Yukio Yamazaki, also of Nikko, points out that eight of the top 10 performing funds in the past three months used high-technology investment techniques.

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So far, however, the signs are that such funds are not a big enough force to have the desired effect, says Mr Suzuki.

Index funds account for less than 1 per cent of the market's entire capitalisation, well behind levels in the US where they make up about 9 to 10 per cent of Wall Street's capitalisation.

Investors are not always all that practical, says Mr Suzuki. They think that if they had invested more actively on their own, they would have been able to beat the index.

In terms of investor psychology, he says, it is difficult to leave everything up to passive investment.

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